

BLUE EARTH COUNTY BUSINESS SUBSIDY POLICY

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Introduction

Minnesota Statute 116J.994, Subd. 2, requires that local governments adopt criteria for awarding business subsidies prior to any award of a business subsidy after August 1, 1999. The following policy is enacted by Blue Earth County in order to comply with the statutory requirements.

Criteria

Criteria to be considered by Blue Earth County prior to awarding of a business subsidy will include analysis of the following goals:

1. Increasing the property tax base to generate more property tax revenue. (This purpose alone is insufficient pursuant to M.S. 116J.994, Subd. 1.)
2. Increasing employment opportunities for Blue Earth County citizens. The wages to be paid for jobs created will be considered an important factor in determining whether the goal of increase in employment opportunities is met (M.S. 116J.994, Subd. 2). Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable (M.S. 116J.994, Subd. 1).
3. Utilizing private business development resources to improve public infrastructure to the benefit of the larger community.
4. Redevelopment of potentially viable existing properties and redevelopment of significant or prominent buildings.
5. Provide gap financing for accomplishment of a housing market need.
6. Preservation of governmental and private property.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, Blue Earth County retains the right pursuant to statute in its sole discretion to approve projects and subsidies which may vary from the principles and criteria of the policy.

Business Subsidy

"Business subsidy" pursuant to Minnesota Statute 116J.993, Subd. 3, means a state or local government agency grant contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

Minnesota Statute 116.993, Subd. 3, further provides a number of examples of financial assistance that do not constitute a business subsidy under the statute, the primary exception being a business subsidy of less than \$25,000.00. Reference to the statute should be made when considering a business subsidy as the statutory exceptions may change from time to time.

Subsidy Agreement

Prior to award of a business subsidy, the proposed recipient must enter into a Subsidy Agreement with Blue Earth County that includes, but is not limited to, the following details:

- 1 A description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;
- 2 A statement of the public purposes for the subsidy;
- 3 Goals for the subsidy;
- 4 A description of the financial obligation of the recipient if the goals are not met;
- 5 A statement of why the subsidy is needed;
- 6 A commitment to continue operations at the site where the subsidy is used for at least five (5) years after the benefit date;
- 7 The name and address of the parent corporation of the recipient (if any); and
- 8 A list of all financial assistance by all grantors for the project.

In addition, business subsidies in form of grants must be structured as forgivable loan. If a business subsidy is not structured as a forgivable loan, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a market price or other in-kind benefits to the recipient.

Additional details regarding the subsidy agreement may be found in Minnesota Statute 116J.994, Subd. 3(c) and (d).

Wage and Job Goals

The Subsidy Agreement, in addition to any other goals, must include:

- 1 Goals for the number of jobs created which may include separate goals for the number of part-time or full-time jobs or, in cases where job loss is imminent and demonstrable, goals for the number of jobs retained; and
- 2 Wage goals for the jobs created or retained.
- 3 In addition to other specific goal time frames, the wage and job goals must contain specific goals to be attained within two years of the benefit date.

Public Notice and Hearing

Before granting a business subsidy that exceeds \$100,000.00, Blue Earth County will provide public notice and a hearing on the subsidy. Public notice shall be published in a local newspaper of general circulation. The public notice will identify the location at which the information about the business subsidy, including a copy of the Subsidy Agreement, is available. Published notice will be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. Blue Earth County will make the information available in printed paper copies. Blue Earth County will provide at least a ten (10) day notice for the public hearing. The public notice will include the date, time, and place of the hearing.

Summary Report Review

Before signing the Subsidy Agreement, Blue Earth County will check with the Commissioner Compilation and Summary Report to determine whether the recipient is eligible for a business subsidy.

Failure to Meet Goals

The Subsidy Agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to Blue Earth County provided that the repayment may be prorated to reflect a partial fulfillment of the goals. The interest rate must be set at the implicit price deflator defined under Section 275.70, Subd. 2. Blue Earth County, after a public hearing, may extend for up to one year the period for meeting the goals provided in the Subsidy Agreement. A recipient that fails to meet the terms of the Subsidy Agreement may not receive a business subsidy from Blue Earth County for a period of five (5) years from the date of failure or until the recipient satisfies its repayment obligation, whichever occurs first.

Reports by Recipients to Blue Earth County

Blue Earth County will monitor the progress by the recipient in achieving agreement goals. The recipient must provide information regarding goals and results for two (2) years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent to the commissioner and Blue Earth County. The report must include information required by the commissioner and Minnesota Statute 116J.994, Subd. 7.

Reports by Blue Earth County

Blue Earth County will file a report by April 1 of each year with the commissioner. The report will include a list of recipients that did not complete required reports and of recipients have not met their job and wage goals within two (2) years and the steps being taken to bring them into compliance or to recoup the subsidy.

Adopted by: Blue Earth County Board

Date of Adoption: January 4, 00

Date of Public Hearing: January 4, 00

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AFFIDAVIT OF PUBLICATION

State of Minnesota, ss.
County of Blue Earth

Samuel R. Gett, Jr., being duly sworn, on oath says that he is the publisher or authorized agent and employee of the publisher of the newspaper known as The Mankato Free Press and The Land, and has full knowledge of the facts which are stated below:

(A) The newspaper has complied with all of the requirements constituting qualification as a legal newspaper, as provided by Minnesota Statute 331.02, 331.06, and other applicable laws, as amended.

(B) The printed Notice

which is attached was cut from the columns of said newspaper, and was printed and published once each week, for 1 successive weeks; it was first published on Monday, the 20 day of December, 1999, and was thereafter printed and published on every to and including , the day of , 19 ; and printed below is a copy of the lower case alphabet from A to Z, both inclusive, which is hereby acknowledged as being the size and kind of type used in the composition and publication of the notice:

By SDG

Publisher

Subscribed and sworn to before me on this 20 day of December, 1999.

Notary Public

